

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 SCEM-02 CIAE-00 DODE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 PM-07

NSC-10 SS-20 COME-00 OMB-01 L-03 INT-08 H-03 OPIC-12

AID-20 DRC-01 /153 W

----- 060116

P R 072220Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 5484

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 3956

E.O. 11652: GDS

TAGS: ENRVTN CS

SUBJECT: RECOPE--TRANSFER BILL THREATENED BY POSSIBLE OPPOSITION POWER PLAY

REF: SAN JOSE 3906

SUMMARY:

1. THE BILL TRANSFERRING COSTA RICA'S REFINERY, RECOPE, FROM ALLIED CHEMICAL TO THE GOCR HAS BECOME ENSNARED IN DOMESTIC POLITICS WITH THE RESULT THAT PASSAGE BY THE ASSEMBLY IS NOW IN SOME DOUBT. MOREOVER, FOCUS HAS UNEXPECTEDLY SHIFTED BACK TO OLD ALLIED CHEMICAL RELATIONSHIPS. END SUMMARY

2. PRESS OF NOVEMBER 7 PUBLISHED A LETTER FROM THE LEADING OPPOSITION PRESIDENTIAL CANDIDATE, FERNANDO TREJOS, ATTACKING THE TRANSFER BILL AS "TOTALLY UNACCEPTABLE". REPEATING THE LINE TAKEN BY EX-PRESIDENT IN AN OPEN LETTER TO FIGUERES OVER THE WEEKEND, CONFIDENTIAL

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ECHANDI/ TREJOS SAID ASSEMBLY SHOULD REJECT

THE TRANSFER AND ASK EXECUTIVE BRANCH TO  
"INTERVENE" RECOPE AND TO START LEGAL ACTION  
AGAINST ALLIED FOR VIOLATION OF CONTRACT  
(BASIS OF ALLEGED TRANSGRESSIONS OVER  
PAST SEVERAL YEARS).

3. COMMENT: TREJOS TOLD AN EMBOFF NOVEMBER 6  
THAT HE HAD THE VOTES TO BLOCK THE MEASURE AND  
HAD BEEN PREPARED TO DO THIS. HE WAS CONCERNED,  
HOWEVER, ABOUT REPORTS THAT THIS ACTION MIGHT  
LEAD TO AN INVALIDATION OF THE CONTRACT WITH  
SHELL FOR CRUDE SUPPLIES AND COULD RESULT IN  
SEVERE SUPPLY PROBLEMS.

4. WHILE IN HIS LETTER (WHICH SEEMS TO HAVE BEEN  
RELEASED PREMATURELY) TREJOS MADE LIGHT OF THE  
SUPPLY PROBLEM RISK, THE SHELL CONTRACT  
IS BETWEEN ALLIED CHEMICAL AND SHELL--NOT  
BETWEEN RECOPE AND SHELL. IT IS DIFFICULT TO  
SEE HOW THE GOCR WILL ASSUME THE CONTRACT WITHOUT  
ALLIED'S CONCURRENCE. THEREFORE, REJECTION BY  
THE ASSEMBLY OF THE TRANSFER AGREEMENT COULD  
VERY WELL LEAD TO ITS CANCELLATION.

5. IN OUR VIEW, REJECTION OF THE AGREEMENT  
AT THIS STAGE NOT ONLY WOULD POSE A THREAT  
TO COSTA RICA'S ENERGY NEEDS BUT COULD  
REOPEN WHOLE "FORCED NATIONALIZATION" QUESTION AND THUS  
FUTURE PROBLEMS IN US/GOCR RELATIONS,  
INDICATIONS ARE, HOWEVER, THAT TREJOS IS  
BEGINNING TO REALIZE THIS AND MAY BE  
SEEKING SOME GRACEFUL WAY TO BACK OFF.  
TREJOS WILL CAUCUS HIS SUPPORTERS IN THE  
ASSEMBLY TONIGHT TO DETERMINE FINAL DECISION.  
MEASURE DUE TO BE TAKEN UP ON FLOOR OF  
ASSEMBLY TOMORROW, NOVEMBER 8.  
VAKY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, NATIONALIZATION, REFINERIES, CONTRACTS, ECONOMIC AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
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**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** SAN JOSE 3906  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17-Jan-2002 by martinjw>; APPROVED <11 FEB 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RECOPE--TRANSFER BILL THREATENED BY POSSIBLE OPPOSITION POWER PLAY  
**TAGS:** ENRG, CS, RECOPE, ALLIED CHEMICAL  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005